



NCUA Media Release

Fryzel Speaks to State Credit Union Summit

CHICAGO (Sept. 16, 2011) – National Credit Union Administration (NCUA) Board Member Michael E. Fryzel spoke to the National Association of State Credit Union's (NASCUS) State System Summit here today as the group identified challenges facing it and investigated creative solutions for those challenges.

The focus of Fryzel's speech regarded effective regulation. Fryzel cited paragraphs from President Obama's recent executive orders aimed at improving regulatory review among the executive branch and independent agencies.

"We at NCUA have studied these two presidential executive orders and we believe that NCUA is now and has been in compliance with them," he said. "In fact, we are pleased that other agencies will be moving up to meeting NCUA standards."

Comparing the need for effective and improved building code regulation after the Chicago fire of 1871 to NCUA's job as the credit union regulator, Fryzel said, "They understood – the hard way – that easier and cheaper might very well lead to additional grief again later on. It is better to put in more effort now for a predictable and safer life later."

The lesson learned from the great Chicago fire was to not wait for a disaster to overhaul regulation, he said. "Instead, take a hard look at present conditions and present regulations."

When doing so, Fryzel reminded the group to keep its eyes on the ultimate goal. "If it's safety, you tend to have more cautious rules; if its growth and innovation you tend to have fewer. With credit unions it is a mixture of safety, growth and innovation."

Fryzel highlighted the 30-year-old process for how NCUA reviews a third of its regulations each year, constantly keeping them updated for changing times.

"This is a reasonable policy. It provides a good balance between expending resources to keep the regulations updated and reviewing them too hastily," he said. "I believe NCUA should hold firm to this policy."

NCUA annually publicizes what regulations up for review, allowing a hard look at current regulations with public comment in an orderly progression, he said. NCUA is currently working toward a regulatory modernization plan for 2012 providing even more transparency in its review process through increased communication. More communication, it is hoped, will foster greater public comment response in line with the President's directive – an ability NCUA already promotes, he said.

- MORE -



“There has been talk in some circles of not creating a new regulation without at the same time eliminating another,” Fryzel said. “A one-for-one mathematical formula sounds pleasing at first but, it uses a butcher’s knife when it is really a scalpel that is called for. Each regulation was created for a purpose. If the environment has changed so that the regulation is not doing its intended work then thoughtful reflection should alter or eliminate it. Keeping a report to a hundred pages by lopping off the first two pages if two are added on at the end is not a thoughtful or astute way of making a good report.”

Fryzel also doesn’t support doing a cost-benefit analysis of every regulation proposed.

For full text of the speech, visit: <http://www.ncua.gov/GenInfo/Members/Fryzel/Speeches.aspx>

NCUA is the independent federal agency created by the U.S. Congress to regulate, charter and supervise federal credit unions. With the backing of the full faith and credit of the U.S. Government, NCUA operates and manages the National Credit Union Share Insurance Fund, insuring the deposits of more than 91 million account holders in all federal credit unions and the overwhelming majority of state-chartered credit unions.

- NCUA -